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RELEASED IN PART B1

Rumors Deng Misoples to take Loss Action Police

On March 13,

told an American Embassy officer B1,A9

that Deng Xiaoping would be taking a less active role in state and party affairs and that Politburo Standing Committee member Zhao Ziyang, who recently relinquished his post as Sichuan Province Party First Secretary, would be given an important government position at an upcoming National People's Congress Standing Committee meeting. On March 17, the New York Times reported from Beijing that Deng and two other party vice chairmen would be resigning from their state positions as vice premiers.

INR Comment:

These developments would be consistent with recent moves by the Party to encourage the grooming of younger successors for aging leaders and to discourage the practice of simultaneously holding top party and government positions. Although rumors have been circulating that Zhao Ziyang will replace Party Chairman Hua Guofeng as premier, this would be a rather abrupt promotion from his provincial post and it seems more likely that he would assume Deng's position as senior vice premier. In any case we expect Deng to continue to pay a key role in determining policy and perhaps even become head of state, a position last held by the late Liu Shaoqi.

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